DOCUMENT RESUME

ED 354 981 PS 020 772

AUTHOR Galinsky, Ellen
TITLE The Private Sector as a Partner in Early Care and Education.
INSTITUTION Families and Work Inst., New York, NY.
PUB DATE 90
NOTE 25p.
AVAILABLE FROM Families and Work Institute, 330 Seventh Avenue, 14th Floor, New York, NY 10001 ($10, plus $2.50 shipping and handling; 10% discount for non-profit organizations).
PUB TYPE Reports - Descriptive (141)

EDRS PRICE MF01 Plus Postage. PC Not Available from EDRS.
DESCRIPTORS *Attitude Change; *Business Responsibility; Community Involvement; *Corporate Support; Early Childhood Education; *Employer Employee Relationship; *Employer Supported Day Care
IDENTIFIERS Business Role

ABSTRACT

Although some businesses have provided employer-supported child care for decades, these efforts have been exceptional rather than part of a mainstream effort. Obstacles to employer-supported child care in the early 1980s included: (1) the view that work and family were separate; (2) negative perceptions of women's increased involvement in the world of business; and (3) assumptions by businesses that involvement in child care would mean the creation of on-site centers. Characteristics common to "trailblazing" corporations that provided their employees with child care options in the early 1980s included large company size; labor shortages in essential personnel, such as nurses, clerical workers, or highly skilled employees such as scientists; production of a product or service that was related to family needs; competitive pressure; location; workforce characteristics such as age, the proportion of female employees, and unionization; economic health; and the presence of child care advocates in mid- or upper-mangement. The number of corporations interested in child care and other work and family issues has expanded; however, these companies do not seem to share the identifying characteristics of their trailblazing predecessors. Present corporations have limited their involvement to: (1) a focus on work and family; (2) an executive-level commitment to work and family policies and the view that such a commitment is a business issue; (3) an emerging integrated approach to care; (4) an emphasis on flexible work schedules; (5) the recognition that company culture is a key to work and family solutions; and (6) involvement in community partnerships. (Contains 35 references.) (HDD)

****
* Reproductions supplied by EDRS are the best that can be made *
* from the original document. *
****

U.S. DEPARTMENT OF EDUCATION
Office of Educational Research and Improvement
EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)
X This document has been reproduced as received from the person or organization originating it.
☐ Minor changes have been made to improve reproduction quality.
• Points of view or opinions stated in this document do not necessarily represent official OERI position or policy.

ED354981

The Private Sector as a Partner in Early Care and Education

Ellen Galinsky
The Families and Work Institute

- At a recent Congressional hearing on Head Start, the expert testimony was markedly different than that of the past. As usual, the testifying party included a developmental psychologist lauding Head Start as a cost-effective investment, early childhood educators warning of the developmental consequences of ignoring the very young at-risk population, and an accomplished young Head Start graduate with his mother, both Head Start success stories. New to the proceedings, however, were several business chief executive officers discusing labor shortages and the lack of young people literate and skilled enough for entry-level jobs. Their remedy, unexpectedly, was not to redouble their own training efforts but to urge the federal government to expand Head Start so that their future job applicants could have a sound educational foundation.

- At a Forum on Education sponsored by the Ad Council, a company president urged all levels of government to improve their early childhood programs and called for other business leaders to invest in improving the educational system.

Within the past decade, business leaders have become new and on occasion powerful players among those concerned with early childhood care and education. This paper will trace the development of this movement, describe the types of companies most likely to be involved, explore the impact of business involvement, evaluate incentives for continued collaborations, and posit the difficult issues that await resolution in the coming decade.

PS 020772

"PERMISSION TO REPRODUCE THIS MATERIAL IN **OTHER THAN PAPER COPY** HAS BEEN GRANTED BY
Robin Hardman
TO THE EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)"

BEST COPY AVAILABLE

THE DEVELOPMENT OF CORPORATE INVOLVEMENT IN CHILD CARE AND EARLY EDUCATION

PHASE I

Impetus for Involvement: Governmental Cutback in Child Care

Although there have been business forays into employer-supported child care for many decades, these efforts have been the exception, fodder for the occasional newspaper feature story rather than components of a mainstream effort. In fact, the late 1960's and early 1970's saw as many corporate-sponsored child care centers close as open. In 1978, there were an estimated 110 companies nationwide who provided on-site child care, subsidies for the cost of child care through vouchers, and referral services to help employees locate child care (Friedman 1983).

In the early 1980's, it became increasingly apparent that the Reagan administration planned to reduce government's role in the early childhood arena, to ignore national licensing standards -- the Federal Interagency Day Care Requirements so carefully crafted by national experts -- and to eliminate existing federal programs or turn them into block grants. This administration was intent on increasing the authority of the states while stimulating the business community to respond to social problems. Acccordingly, leaders in the child care field turned to the business community, reasoning that business had a vested interest since its employees were negatively affected by the vagaries of the uneven, unstable child care system. Businesses had money and could perhaps create high quality programs. Although some child care experts warned that the business sector could not be expected to rescue the child care field singlehandedly from federal cutbacks, a number of individuals (predominantly consultants), began to view corporate leaders as knights in shining armor (Friedman 1983).

Obstacles

The Prevailing View that Work and Family are Separate

The business community, for the most part, ignored these entreaties, closing their doors to the consultants who were primarily promoting on-site child care. Almost all American business leaders were convinced that family needs were off-limits to the corporation and that becoming involved would constitute unnecessary infringement and unwelcome interference. Work and family were seen, as stated by Rosabeth Moss Kanter (1977), as separate and non-overlapping worlds.

Business Involvement as a Women's Issue

Concomitantly, however, a shift in attitude began. Women in the workforce were accepted as "here to stay," and although initially labelled a women's issue, work/family stress became a public concern (Bane 1976). This attitude is best illustrated by the Louis Harris General Mills national survey (1981). Although entitled Families at Work: Strengths and Strains, it focused on employed mothers. This survey found that a majority (52 percent) of the 1,503 family members felt that the effect on the family of both parents working was "generally negative" as whereas only 28 percent thought it was "generally positive." Clearly, "both parents working" was a euphemism for "employed mothers," since no one thought "working fathers" were harmful. The negative image of mothers exchanging their aprons for briefcases, however, served as a disincentive to business involvement. Companies prefer projects considered socially beneficial. Furthermore, the assumption that corporate work/family programs would predominantly serve employed mothers was a further disincentive -- companies favor human resource programs and policies that serve their entire employee population "equitably."

Business Involvement as On-Site Child Care

Many business leaders assumed that if they became involved in assisting employees with child care, it would involve creating on-site centers. In the General Mills Survey (1981), 77 percent of the human resource executives surveyed thought on-site child care would help employees and their families. Interestingly enough, only 38 percent of the parents surveyed agreed; their preferred solution was part-time work with full benefits. This focus on on-site child care served as yet another disincentive to corporate involvement. At work/family conferences, company spokespeople said: "On-site child care is expensive"; "It only serves a few employees"; "There could be lawsuits and we have the deep pockets"; "Babies would be disruptive." In fact, some senior managers seemed to visualize young children running through the company halls and interrupting meetings in the boardroom.

Trailblazers

Despite these uncertainties and disincentives, a few pioneering corporations began to believe that it was appropriate to help employees with child care problems. Their justification was that since women were in the workforce to stay, child care problems affected their productivity as well as the productivity of their husbands.

At the same time, research evidence was mounting that this assumption was valid. A number of studies conducted throughout the 1980's have documented the on-the-job repercussions of child care problems. On average, one in two or three parents has trouble

finding child care (Galinsky and Hughes 1987; Galinsky 1988). These difficulties correlate significantly with higher rates of absenteeism. Parents piece together a system of patchwork arrangements, often as many as three to four different child care arrangements per family (Lurie, Galinsky, and Hughes 1988). Furthermore, there is a significant relationship between the number of child care arrangements and the number of times these arrangements fall apart (Shinn et al. 1987; Hughes 1987; Galinksy 1988). Over a three-month period, 63 percent of the employed fathers and mothers in a nationally representative sample had at least one breakdown of their child care arrangement and 22 percent had three or more breakdowns (Galinsky and Hughes 1987). Employees making last-minute child care arrangements because their usual arrangements had fallen apart were more likely to arrive at work late, leave early, or miss work altogether. They were more likely to spend unproductive time at work because they were worrying about their children. These parents had higher levels of stress, more stress-related health problems, more tension, less companionship in their marriages, and were less satisfied as parents (Galinsky 1988).

On-site child care was seldom regarded as a solution to these problems. Because of its expense and its ability to serve only a small number of employees, most employers favored options that give their employees information and financial resources to meet their own child care needs. These included:

- **Child Care Resource and Referral (R&R):** A counseling program to help parents find and evaluate child care. At best, these programs not only match parents with local child care but increase the supply by recruiting new family day care providers and helping to start new centers. In addition, they improve the quality of care by training local providers.

- **Flexible Spending Accounts:** A salary reduction plan made possible by Section 125 of the IRS Code. It allows companies to offer employees a choice of benefits from a menu of taxable and non-taxable options. Employees can reduce their salaries by up to $5000 and be reimbursed for child care and certain other expenses with pre-tax dollars. FSA's have certain restrictions. Employees can use either an FSA or the Dependent Care Tax Credit (under Section 129), but not both. Since providers being reimbursed are required to give their Social Security numbers, employees cannot use the sizable underground child care market. Furthermore, if the funds in the account are not used up by the end of the first year, they must be forfeited.

- **Parent Seminars at the Workplace:** These seminars, generally offered during lunch hours, frequently include discussions on how to find and evaluate high quality child care (Catalyst 1984). Presumably, this consumer education affects the child care marketplace because parents choose stable, higher quality arrangements.

A small number of companies developed on- or near-site child care. These programs are run directly by the corporation or are contracted out to a child care management firm. Some centers are entirely employee-run, with negligible corporate involvement or financial support. In general, the companies most likely to select this option have wanted to develop a showcase program, have had labor shortages and thus needed programs to recruit and retain employees, or have had non-traditional working hours (i.e., early morning, evening, and night shifts) so that employees had difficulty finding find child care in the community.

Characteristics Common to the Trailblazers

A number of studies both quantitative and qualitative have identified the characteristics of companies who provided child care assistance in the 1980's.

- ***Company Size:*** In the American Society for Personnel Administration survey (1988), the size of the company is associated with the level of company involvement. Employers with 5000 or more employees are more likely to be informed about the importance of providing some form of child care service as well as more likely to be exploring employees' child care needs. The National Council of Jewish Women's Mothers in the Workplace study found that 25 percent of the employees who work for large employers (over 500 employees) receive child care assistance, in comparison with only 7 percent of the employees working for companies with fewer than 100 employees (NCJW 1987).

- ***Labor Shortages:*** A current or anticipated labor shortage seems to stimulate child care support aimed at recruiting and retaining employees (Galinsky and Friedman in preparation). Companies seem to feel these shortages most acutely with nurses, clerical workers, or highly skilled employees such as scientists.

- ***Business Type:*** Many of the companies most likely to provide child care assistance are businesses whose purpose is related to family needs. Stride Rite, a children's shoe manufacturer, for example, was one of the first to develop on-site care. Banks,

insurance companies, pharmaceuticals, and computer companies are also likely to be involved (Friedman 1983; Galinsky and Friedman in preparation). According to Mothers in the Workplace, the workers most likely to receive assistance are professionals, technicians, and service workers employed by hospitals (NCJW 1987).

- ***Competitive Pressure:*** Certain industries are more involved than others because providing child care becomes competitive. When companies perceived to be competitors offer child care assistance, those vying for that same labor pool or market share feel more compelled to offer similar or better programs.

- ***Location:*** Friedman (1983) noted that corporate child care assistance has developed in certain areas of the country, primarily along the eastern and western corridors and in some midwestern states like Minnesota. Minnesota has a tradition of business providing for the community. There has been less activity in large cities such as New York and Chicago where space is expensive and employees commute by public transportation.

- ***Workforce Characteristics:*** A number of workforce characteristics appear significant: the age of the workforce (that is, the number of employees in the childbearing years), the proportion of female employees, and whether or not the company is unionized. Initially, non-unionized companies were more likely to develop family-responsive policies (Friedman 1983), but that may change, especially following the historic agreement reached by AT&T and its unions to bargain for a "family-care" package.

- ***Economic Health:*** It is well known that the companies with the most outstanding child care policies are among the most profitable: Merck, Johnson & Johnson, Apple. The extent to which the lack of monetary constraints enables companies to invest in work/family initiatives or the extent to which progressive human resource policies lead to increased financial health is not known (Phillips 1989). Companies undergoing downsizing, merger, acquisition, or deregulation are not expected to offer child care assistance, but AT&T and others disprove this assumption. Child care assistance can be used as a tool to improve morale or help contain the spiralling costs of health care.

- ***Presence of Champions:*** All companies with progressive child care policies have a champion or champions working hard to convince top management that these

programs are viable. According to McDonald (1986), these champions have enough perceived competence within the company to take on an issue perceived to be as eccentric or non-mainstream as child care. These champions tend to be in mid- or upper-management and are not necessarily in human resources. Some have had personal experience with a child care problem while others believe that investing in human capital is essential to long-term profitability (Galinsky 1986).

Thoughtful But Limited Approach

The pioneering companies generally addressed the child care needs of their employees by appointing a task force or an individual to investigate employee needs, often through a survey or focus groups. Once the needs were identified, community resources were analyzed to determine if already existing programs could help solve the particular employee problems. Often, a competitive analysis was undertaken to see how other companies had treated similar issues.

When a solution was selected and enacted, management more often than not assumed that the child care problems were resolved and human resource management could move on to tackle other workplace problems. There was no systematic investigation of how other characteristics of the company (such as rigid time schedules or travel requirements) might also contribute to work/family problems. Without an integrated vision, the new programs and policies were a "single-issue approach."

PHASE II

A Growing Interest in Early Childhood Education

The late 1980's has seen the beginnings of change in the nature of corporate involvement. One characteristic of this change is a slowly emerging business interest in early childhood education. While the previous emphasis of employers was on the productivity of their current workforce, concern then turned to the viability of their future workforce. The deliberations of the Committee for Economic Development, a think tank of business leaders, illustrates this trend. When charged with recommending ways to enhance American productivity in the twenty-first century, this group first sought technological answers, but upon further investigation concluded that one of the most important investments this country could make in its future productivity was in the early education of its "at-risk" young children. Their final report, Children in Need (Committee for Economic Development 1987), calls for quality preschool programs for all disadvantaged three and four year olds:

> Quality education for all children is not an expense; it is an investment. Failure to educate is the true expense. In addition to improving our schools, investing in careful nurturing of children from before birth through age five will deliver a handsome profit to society and to the individuals and families who have so much to gain (p. 2).

A decade of research confirms that comprehensive early childhood programs can be cost-effective because they reduce the likelihood that poor children will be sucked into school and life failure (Berrueta-Clement et al. 1984; Lally et al. 1987). Despite the inexactitude of measuring cost/benefit, the U.S. House Select Committee of Children, Youth and Families (1984) has priced the investment: $1 spent on early childhood education saves $4.75 in future costs for remedial education, welfare, and juvenile justice.

This interest in early childhood education, however, remains largely unconnected to corporate involvement in child care.

Involvement in Child Care is More Mainstream

In the late 80's, the number of corporations interested in child care and other work/family issues has expanded. The trailblazers saw themselves as such, but many of the new companies becoming involved defined themselves not as "trendsetters," but as "fast followers." Developing child care initiatives was increasingly seen as "tried, tested, and safe." Statistics document the increased interest in child care. In a survey conducted by the American Society for Personnel Administration in the spring of 1988, half of nearly 1500 large and small companies said they were considering or actually planning child care initiatives in the next few years. Similarly, in a survey for Fortune magazine, we found that 86 percent of our 71 Fortune 500 respondents were planning new work/family programs. The most often cited inducements: the recruitment and retention of employees (Galinsky and Friedman in preparation).

Expected labor shortages are also fuelling concern with work/family issues and productivity. The number of 18-to-24 year olds will decrease from 30 million in 1980 to 25 million in 1990 as the baby bust generation enters the labor force. Sixty percent of the human resource executives interviewed in our Fortune 500 survey predicted a diminished supply of employees in the future (Galinsky and Friedman in preparation).

Now that work/family concerns are more mainstream, more types of companies are becoming involved, and, unlike the pioneering companies, do not seem to share identifying characteristics.

Exemplary Companies Have Moved to a Different Level

As the new companies tackle work/family issues, they follow the same thoughtful but limited approach developed by the trailblazers in Phase I. However, by 1988, the pioneering companies had moved to the next stage by reframing their involvement in child care (Galinsky, Hughes, and David in press):

- Child care was expanded to focus on work/family.
  The exemplary companies in child care have broadened their vision to include the provision of care for elderly parents and policies that help employees balance work/family responsibilities no matter their age or life circumstances. The underlying assumption is that all employees feel some tension between their job and home responsibilities, whether they are single or married, parents or non-parents. This vision has been fuelled by the growing awareness that the graying of America will have a serious impact on the workplace, and that elder care obligations may eclipse child care in number of employees affected. In one company study, we found that 44 percent of those surveyed expect to be responsible for the care of an elderly relative within the next few years (Galinsky, Staines, and Lurie 1988).

- An executive-level commitment to work/family policies has developed.
  Most companies with work/family programs have a champion who is deeply committed to these programs but whose responsibilities for them are ad hoc, taken on in addition to regular work duties. In the exemplary companies, top leadership has begun to support work/family programs. The work/family area has been institutionalized with the appointment of an individual with a legitimizing title such as "Director of Work/Family Programs" -- generally at the level of director, manager, or vice president.

- Commitment to work/family is considered a business issue.
  Executives of exemplary companies are acutely aware of the shrinking labor pool and predictions of an increasingly diversified workforce. Thus, attracting, retaining, and managing their workforce has become a priority, and child care and work/family initiatives are seen as one means to this end.

- An integrated approach is emerging.
  In most companies, work/family initiatives are developed as stand-alone efforts. Many of the exemplary companies, however, are reviewing a number of their human resource

benefits and services. For example, they are examining time and leave policies, health benefits, training procedures, as well as their expectations vis-à-vis long hours, weekend work, travel, and relocation. In doing so, they assess the impact of these policies on the family or personal lives of employees and make changes accordingly. This process leads to a more holistic and integrated approach.

- An emphasis on time flexibility is emerging.

  Child care assistance was the most common work/family initiative in Phase I. In Phase II, the exemplary companies are tackling the more complex work/family issue of flexible work schedules and exploring how to provide greater time flexibility. Previously, new time policies were developed for business reasons -- to permit more extended use of equipment or to reduce the number of employees. Now such policies are being created for the express purpose of helping employees spend time with their children or other family members. Companies are looking into or developing more permanent part-time positions, extended flextime, longer and more flexible leave policies with part-time return-to-work provisions, legitimate days off to care for sick family members, and pooled time off.

- Company culture is recognized as key to work/family solutions.

  The pioneering companies have realized that simply providing family-supportive programs is not sufficient. For example, if flextime is instituted but the first-line managers oppose it, employees cannot use it. Thus, these companies are now training managers to sensitize them to the changing nature of the workforce, to familiarize them with the company's programs, and to guide them in managing work/family problems that might arise.

  A number of exemplary companies have also deliberately changed the company culture to make it more "family friendly." For example, Johnson & Johnson amended its Credo (the policy statement by which business decisions are made) to acknowledge the company's responsibility toward the well-being of its employees' families. The Credo is very important to Johnson & Johnson employees -- the last time it was changed was many years ago. The Credo changes are intended to change employees' behavior. For example, at a business meeting consisting entirely of men, the agenda was not completed at 4:45. Previously, the chair would have forged ahead but, now aware that this might pose difficulties for some employees, he asked the group whether the meeting should go on or be postponed ("because some of you may have to pick up your children

at day care"). After a stunned silence, one participant spoke up, acknowledging that he did have to pick up his child, and the meeting was postponed to the following day.

- Involvement in community partnerships is also beginning to emerge.
  In Phase I, companies tended to act alone in designing and implementing child care policies for their employees. In Phase II, certain companies are joining together to resolve problems and to develop joint services. For example, in Oregon's Linn and Benton counties, a consortium of companies led by Hewlett-Packard organized a multi-company needs assessment that indicated a need for child care resource and referral; with the support of local business and start-up funds from the state, a community college decided to run such a service. In New York City, seven midtown employers have collaborated to provide emergency care for their employees in the case of last minute breakdowns of child care arrangements. In San Francisco, employers have created "One Small Step," which asks all employer members to "take one small step" to improve local child care. A group of Maryland CEO's created a public/private partnership "to increase workforce productivity and promote economic development by strengthening the child care delivery system" (Maryland Committee for Children 1988).

In sum, the exemplary companies have moved away from a fragmented approach to a more holistic view, from an emphasis on child care to the broader scope of work/family for employees at whatever stage their families are in. The notion of corporate involvement in family issues has become more ingrained, integrated, and mainstream.

BUSINESS CONTRIBUTIONS TO EARLY CHILDHOOD

Business has played five roles in the early childhood field: 1) analyzer of the local early childhood marketplace; 2) provider of direct service; 3) contributor to local child care services; 4) legitimizer; and 5) change-agent.

1. Analyzer

While conducting their own needs assessments, companies often investigate community resources to ascertain whether or not employee problems can be met by local services. In other words, if employees are having difficulty finding infant care, companies will generally scan the community for available high quality infant child care providers who are unknown to employees or who are filled to capacity but would expand if financial resources were available. This is the

tack AT&T's Bell Labs took. They found that Summit Child Care, Inc., with its numerous facilities, was able to expand infant care to serve Bell Labs employees.

When companies conduct community assessments, they bring a fresh business perspective to the local child care system that for the most part has grown haphazardly. With the help of child care consultants or resource and referral agencies, companies look at demographic and census tract data, identifying the needs and gaps in services and projecting where services should be added. This overall analysis is novel to the largely unorganized child care community and provides an important and often legitimizing function as well.

It is expected that AT&T's historic settlement with its unions in the summer of 1989 will further expand this analytic role. As one feature of the agreement, AT&T has established a $10 million fund to help local sites meet their child care needs. As planned, employees at local sites will assess their child care needs, conduct community analyses, and propose solutions. AT&T further plans to help other companies create similar funds. Although such analysis generally takes place on a local level, a few employer-supported child care task forces (most notably the Maryland Employers Advisory Council on Child Care) have conducted state-wide analyses of the child care system. The state work/family clearinghouses established in several states could conceivably also perform this function.

2. Provider

Approximately 1000 employers (200 corporations and 800 hospitals) now provide on- or near-site child care (Friedman 1989a). Some do so directly, others contract out the management function, while still others have no direct reporting relationship to the program, which is owned and operated by professionals or by a group of parent employees.

Many of the corporate-sponsored centers are renowned for their commitment to high quality. Perhaps due to fears about their liability exposure and the knowledge that the company name and reputation are on the line, most corporations have endeavored to create model centers. Some of these facilities have become or are becoming accredited by the National Association for the Education of Young Children, the industry-wide standard of quality assurance.

The standards of other corporate- and hospital-sponsored programs seem less satisfactory, as evidenced from the no-holds-barred discussions that take place at conferences on employer-supported child care. During these sessions or in private discussions, directors often complain about being pressured to make cost-cutting, quality-inhibiting decisions; to take more children,

thus widening the staff/child ratio; to hire less qualified staff; to pay lower salaries, usually resulting in higher staff turnover rates.

Directors of the employee-run corporate centers face similar dilemmas. Without ongoing corporate support, breaking even financially is very difficult, and thus they may be pushed to cut corners on salaries and staffing. Furthermore, the parent fees that must be charged for the program to break even hinder the ability of these programs to serve the children of lower-earning employees. This fact is of grave concern to many directors who must make this kind of tough choice. Most employer-supported child care facilities, no matter their sponsorship, have long waiting lists, especially for infant care. Thus, companies that want to serve more employees than can be accommodated by the center often provide other child care services such as FSA's or R&R.

On- or near-site centers have been provided far less frequently than other corporate work/family options (Friedman 1989a). Comparing the 200 on-site centers with the 2000 corporate FSA programs and the 1200 R&R programs, it is clear that a modest increase, however, is likely. A number of companies that vowed never to consider on-site child care have recently changed course, Warner-Lambert and Metropolitan Life being two examples. The strong desire of their employees for on-site care is what changed the minds of executives at Warner-Lambert. Furthermore, there is growing interest in this option on the part of small companies, who are joining consortium arrangements such as the one on Boston's Rte. 128 or the Harmony Early Learning Center in the Meadowlands area of New Jersey.

The most significant growth in the corporate sector, however, is likely to come from the real estate industry. Developers are beginning to view child care centers as an amenity, much like a restaurant or health spa, and are building them in office park complexes. In Miami Lakes, Florida, for example, television ads lure potential business tenants to an office park by featuring a child care center.

3. Contributor

By and large, company efforts to help their own employees have taken the form of buying into and enhancing the existing child care system within the community. This has been done through the supply-building, quality-enhancing aspect of child care resource and referral or through corporate contributions.

For many years, companies felt they had contributed to child care by donating funds to their local United Way. Other requests were generally met with "We've already given" or with in-kind contributions such as art supplies. Then, a few companies began to donate specific funds to local programs. Du Pont, for example, gave the seed money to establish Child Care Connection, an R&R agency in Wilmington, Delaware, and they have provided ongoing support as well as enlisted other companies to join them in this venture. 3M's McKnight Foundation has given a sizeable grant to attempt to raise child care providers' salaries in Minneapolis/St. Paul. AT&T's new fund may also spur other companies to follow suit.

How effective are these initiatives and contributions? The research evaluations reveal that the less direct the intervention, the more diffuse the effect (Friedman 1989b). On-site child care has more of an everyday impact on employees than resource and referral (Marquart 1988). On the other hand, companies who begin by offering R&R tend to continue to develop other initiatives as the decision-makers obtain a more realistic view of the magnitude of the child care problems employees face. A survey we conducted for Fortune magazine illustrates this shift in attitude. We asked company spokespeople to rate their company's involvement in assisting employees with work/family responsibilities. The spokespeople from companies with minimal programs tended to rate their companies as more highly involved than those from companies with more programs. The latter group often felt they were beginning to realize how much further they had to go to make a real dent in the child care problems afflicting their employees.

4. Legitimizer

The very fact that some prestigious members of the business community have become interested in early childhood care and education has enhanced the prestige and the clout of this field. It has been very meaningful to the teachers and aides in centers and to family day care providers (many of whom feel the child care profession lacks sufficient respect) that corporation presidents testify in Congress on their behalf. Likewise, it has been meaningful to members of Congress and state legislatures that business leaders have become participants in this field. One example is the testimony given by American Express during the 1988 ABC hearings calling for national standards in child care. The different state-mandated staff/infant ratios (ranging from 1:4 to 1:7 and even 1:8) meant the quality of child care services available to their employees varied enormously and depended on which state they lived in; American Express as a company had difficulty reconciling this inequity to itself. This testimony helped change the congressional debate about standards, lending the issue of national regulatory standards greater significance.

5. Change-Agent

In several communities, corporate senior officers have participated in community task forces to address some of the problems in early childhood care and education that transcend their own company's concerns. Task forces are often initiated by the governor's offices and operate on a state level. Virginia, for example, held a two-day conference and invited participants, including business leaders, to select from one of six tracks (such as "Quality Care" or "Accessibility" or "The Effects of State and Local Standards on Child Care"). In each track, participants were first briefed by experts on the subject, then asked to recommend changes to the governor, and, finally, to prioritize their recommendations. In other states, such as Tennessee and Massachusetts, similar work was done in governor-appointed task groups.

One of the purposes of the conference or task force is to increase business involvement in child care. Numerous states (including New York, Michigan, Virginia, South Carolina, and Indiana) have convened such groups. Involvement by business leaders seems to spiral after participation in task forces; many are inspired to look at their own policies and to instigate new programs to serve their employees. Such was the case for the CEO of PHH, a Baltimore-based management services company, who, after serving on the Maryland Employers Advisory Council on Child Care, began a dependent care needs assessment in his own firm. Likewise, several business leaders on the Governor's Corporate Advisory Commission (Virginia) have co-hosted "corporate leadership in child care" conferences in their localities with the state Secretary of Health, and Human Resources. Their participation ranged from being keynoters to being moderators, but in each case they inspired other business leaders to become informed and involved. This led to numerous corporate requests for additional information and technical assistance from the Virginia Department for Children.

One of the most promising features of these state task forces is that their members are generally averse to creating a report that will gather dust on bookshelves. They see their end goals as bringing about actual change, not merely producing a set of recommendations. As such, the responsibility for making change is sometimes spelled out in these reports or the group opts to reconvene to evaluate how well they have achieved their objectives.

Less common, but quite exciting, is the emergence of local task forces. Sometimes the impetus for these groups comes from the business community (e.g., the St. Paul Chamber of Commerce), the child care field, the Junior League, the religious community, or the social services community. Whatever the auspice, these groups bring together local leaders (sometimes limited to the business sector, sometimes more broadly constituted) to solve specific

early childhood care and education problems. Minneapolis's Success by Six is an example of this kind of endeavor. Established by United Way and chaired by the CEO of Honeywell, it convened a group of leaders in Minneapolis for the express purpose of determining what prevented children from entering the school system as successes. Another example is Charlotte Champions, convened by a group of business leaders to raise substantial funds to improve child care in Charlotte, North Carolina.

EFFORTS TO INCREASE BUSINESS INVOLVEMENT

As awareness of the role the business community can play in early childhood care and education has spread, so too have efforts to increase the number of companies involved.

Information

Virtually all of the Governors' Task Forces on employer-supported child care have concluded that one obstacle to increased involvement is lack of information on the part of companies. The task forces have determined that most companies are unaware of the changing demographics of their workforces, of the increased work/family conflict that employees must bear, and of the negative impact on productivity. Finally, these groups have found, in the words of the Virginia Governor's Task Force (1988), that

> Virginia employers do not have sufficient knowledge of their options for child care involvement: flexible personnel policies, resource and referral services; financial assistance including reimbursements for child care; direct care services (on-site centers); and programs for unique child care needs (services for moderately ill or school age children).

These task forces have further concluded that some of the anticipated obstacles are in fact far less inexorable than imagined. For example, liability insurance is often cited as a deterrent to company involvement (ASPA 1988). This argument implies that the company is equating work/family initiatives with on-site child care; however, even if on-site care is selected, liability insurance has not been a problem for those companies with centers (Friedman 1989c). In sum, most task groups have decided that a first step in increasing corporate participation in early childhood care and education is to create means to disseminate information.

This recommendation generally results in the establishment of a state clearinghouse on employer-supported child care or on work/family. New York, for example, established such a

clearinghouse within its Department of Economic Development. In Oregon, the clearinghouse resides in the Department of Human Resources. In New Jersey, the Governor appointed a liaison, located in the state licensing department, to convene breakfast forums for senior managers and to respond to requests for information from companies. The number of requests has multiplied dramatically since this office was established, testimony not only to the greater awareness of this issue in the public at large but also to the the fact that every company requesting information is sent a packet, is called upon, and receives a follow-up call. Without such intensive efforts, providing information alone is likely to fall short of stimulating the amount of business participation that its proponents had envisioned.

Tax Credits

Another way to increase corporate involvement is to offer tax relief or credits. Nine states currently provide tax credits towards the start-up costs of on- or near-site child care, employer's contribution to the center's operational expenses, purchased care (such as vouchers), and child care R&R. The credit ceiling ranges from $30,000 to $100,000 per employer.

However, an overall assessment of tax credits conducted by the Child Care Action Campaign (1989) indicates that they stimulate little employer activity, especially if communication about tax credits is haphazard, if companies are insufficiently involved in framing these policies, or if the amount of tax relief is insignificant.

At this time, employers establish on- or near-site programs for their own business reasons; a tax credit is not sufficient inducement to affect decisions. Larger companies that can afford to create centers are not concerned with tax breaks. Smaller companies that band together in consortiums may find tax credits more helpful. However, to claim this credit, companies must be large enough to pay corporate taxes.

Grants

An informal study of approximately 125 companies considering on-site centers (Galinsky 1989) asked two questions:

1. Should government assist you in establishing centers?

2. If so, what kind of assistance would be most useful?

All the companies felt assistance would make a difference in their ability to provide on-site care, and the form of assistance most frequently requested was grants. The Child Development

and Education Act of 1989 proposes to "make grants, on a competitive basis, to businesses and eligible child care providers jointly, to establish innovative programs to provide child care services" (p. 33).

Florida has established a grant program for on-site or purchased care. The annual budget is $250,000, with a $25,000 maximum per employer. The Child Care Action Campaign (1988) reports that because the Chamber of Commerce supported this bill, informing its 6000 members weekly about its progress, there was widespread enthusiasm in the business community upon the bill's passage. Florida received 68 applications, totalling $1 million, in the first three days of accepting applications.

Strengthening Child Care

Noting that employer activity was most pronounced in areas with higher quality child care, New York State's Task Force on Work and Family (1989) commendably stated:

> Notwithstanding the role we envision for employers and labor in assisting working families, primary responsibility for designing and assuring the adequacy of a system to meet the needs of all children and therefore our future labor force, falls to the government (p. 25).

Thus, many of the recommendations of this group were related to governmental action to strengthen the system so that companies would be more likely to buy into it.

FUTURE ISSUES

Extent of Business Involvement

Labor shortages suggest that businesses will remain involved in child care as a means to attract and retain employees. This involvement, however, is likely to be sensitive to external business conditions, particularly the threat of a recession. How would a downturn in the economy affect corporate initiatives? Although some suspect that work/family initiatives will be the first to go because they are seen as "soft" or extrinsic to the general business mandate, I think they will endure because they are increasingly regarded as strongly linked to current and future productivity.

Another question is: How superficial or extensive these initiatives will be? Among the pioneering companies, there has been a progression from the "Band-Aid" approach to a more holistic view, in which a more comprehensive series of programs and policies is developed. Will this kind of progression be the norm for other companies, or will it be limited to the exemplary companies? Thus far evidence indicates that a progression does take place in many companies.

There are also questions about how attempts to change the corporate culture will fare. Can companies expect or train first-line supervisors to be more flexible and supportive of families while these same supervisors are simultaneously being urged to be more productive? The training model developed by Johnson & Johnson addresses this concern. At its core is a decision-making process between supervisor and employee in which both are expected to a) get the work done and b) provide work/family support for employees. Preliminary reports from supervisor trainees indicate that such an approach can work. It is my hope that work/family training will become more widespread.

Quality of Business Initiatives

Until now, the companies designing child care initiatives for their own employees have generally done so in a systematic, thoughtful way. As a result, most of these programs are aimed at specific problems their employee population face and are custom-designed. There is concern that as these programs become more widespread, they will be "mass-produced." That is, companies may skip the stage of conducting needs assessments and will slot in programs, and such programs may be less responsive to the specific needs of employees.

Haves vs. Have-Nots

The gulf between the haves and the have-nots in American society extends to the area of corporate benefits as well. Mothers in the Workplace (NCJW 1988) documents how very few women receive child care assistance. The study listed possible employer child care supports, including 1) flexibility in scheduling work hours; 2) time off for family responsibilities without risks to one's job or reductions in pay; 3) a supervisor who is supportive when family needs arise; 4) on- or near-site child care; 5) help in paying for child care; and 6) assistance in finding child care. Most mothers of newborns (77 percent) had at least one of these supports, but only 3 percent had four or more.

In our research (Galinsky and Friedman in preparation), we have found that policies differ within a company for higher- and lower-ranked employees:

- only the "valued" employee is offered substantial benefits (e.g., more time flexibility, more child care assistance)
- only higher-paid employees gain from flexible benefits such as the FSA (one must be able to afford a salary reduction to use an FSA)

The employees least likely to receive corporate child care assistance are those who need it most -- the working poor. If, as anticipated, corporations provide more child care assistance, will these initiatives continue to serve the well-off employees and neglect the poorer ones?

Community Initiatives

It has become evident to leaders from the most progressive companies that their efforts pall beside the enormity of the need. As one said at a recent meeting, "Our efforts are really only adjustments. In themselves, they do little to help families in this country educate and care for their children." It has become cliché but is nonetheless true that considerable effort by every sector of society will be required to deal with the child care crisis. If such an effort is to occur on a local, state, and federal level, business leaders must fully participate. In the past, however, business leaders have tended to concentrate their civic efforts on higher education or social ills such as drugs and crime. The thrust of the Committee for Economic Development may help shift the focus of business leaders to early childhood issues.

Education vs. Care

It has been discouraging to participate in several Governor's Task Forces and observe the pervasiveness of the assumed difference between education and care. Until now, most corporate efforts have targeted child care for their own employees and for their community. An entirely different and very small group of business leaders has been concerned about education. If change is to happen, and to happen constructively, this historic schism must be healed. Business leaders must be educated to understand that high quality early childhood programs, whatever their auspice and location, must provide a nurturing environment as well as learning opportunities.

Assuring Quality

One of the most disturbing issues before us is the role business will take in promoting quality. In the early years of business involvement, pioneering companies stood for quality improvement. Unfortunately, several states have recently attempted to reduce or eliminate standards in order to stimulate the growth of on-site corporate centers. The development of

such proposals in Colorado and California has followed a similar pattern: high-powered employees (in law firms or in accounting firms) wanted to bring their babies to work; they found a conference room or other space to convert to a child care room, and then encountered what they considered bureaucratic licensing hassles.

Colorado's bill called for all licensing standards to be waived and a commission to be established to set new standards. The bill passed but was vetoed by Governor Romer, who said:

> We have an obligation both as parents and as responsible citizens to help our children receive the best, most affordable care available. I do not, however, believe we should be willing to compromise the quality of care in order to achieve this goal.

In California, the space was in a high-rise building and licensing regulations required child care programs to be on the ground floor. Upset by these restrictions, the employees enlisted the support of their state representatives; legislation, nicknamed the "High Rise Baby Bill" and calling for a severe reduction in standards, was soon introduced. This bill is now making its way through the California Assembly.

The research evidence is quite clear that licensing features can affect children's development for good or for ill (Abt Associates 1979). The argument that parents are present and "know best" at on-site facilities does not excuse the proposed California law permitting up to six babies up to 15 months in 35 square feet per child with no outside space and a ratio of one-to-four or two-to-six adult caregivers per child. Furthermore, under this proposed bill, the caregiver is not required to have any early childhood training. Simplifying some unnecessary and bureaucratic standards may be a positive move in some states; eliminating basic requirements for group size, staff/child ratio, and training is a dangerous move.

CONCLUSION

The business community is the new player in the field of early childhood education and care. Within a few short years companies have become an important constituency. As business involvement grows and becomes more widespread, the impact of business involvement will become more evident. Will companies become a force for increasing the supply and improving quality? This is the question to be determined in the coming years.

Private Sector References

Abt Associates. 1979. Children at the Center: Final Report of the National Day Care Study. Cambridge, Mass.: Abt Associates.

American Society for Personnel Administration (ASPA). 1988. Employers and Child Care: The Human Resource Professional's View. Alexandria, Va.: ASPA.

Bane, M.J. 1976. Here to Stay: American Families in the Twentieth Century. New York: Basic Books.

Berrueta-Clement, J.R., L.J. Schweinhart, W.S. Barnett, A.S. Epstein, and D.P. Weikart. 1984. Changed Lives: The Effects of the Perry Preschool Program on Youths through Age Nineteen. Monographs of the High/Scope Educational Research Foundation, 8.

Catalyst. 1984. Work and Family Seminars: Corporations' Response to Employees' Needs. New York: Catalyst.

Child Care Action Campaign (CCAC), State Financing Alternatives Project. 1989. Employer Tax Credits for Child Care: Asset or Liability? New York: CCAC, November 1989.

Child Care Action Campaign. 1988. Child Care ActioNews, vol. 5, no. 6 (Nov./Dec. 1988), p. 5.

Committee for Economic Development (CED), Research and Policy Committee. 1987. Children in Need: Investment Strategies for the Educationally Disadvantaged (Executive Summary). New York: CED.

Friedman, Dana E. 1989a. "Estimates from National Monitors of Employer-Supported Child Care." Unpublished memo. New York: Families and Work Institute.

------. 1989b. "Perceptions and Realities of Child Care Liability Insurance." Report prepared for the Department of Labor, July 1989.

------. 1989c. "The Productivity Effects of Workplace Centers." Paper presented at "Child Care Centers at the Workplace," Resources for Child Care Management (RCCM) Conference, Chicago, June 7-8, 1989.

------. 1983. Encouraging Employer Support to Working Parents. New York: Carnegie Corporation of New York.

------. 1982. "Getting Your Foot in the Door (or in Your Mouth) with Local Employers." Child Care Information Exchange (Nov.-Dec. 1982).

Galinsky, Ellen. 1989. Informal study at "Child Care Centers at the Workplace," Resources for Child Care Management (RCCM) Conference, Chicago, June 7-8, 1989.

------. 1988. "Child Care and Productivity." Paper prepared for the Child Care Action Campaign conference, "Child Care: The Bottom Line," New York, March 1988.

------. 1986. "Family Life and Corporate Policies." In Michael Yogman and T. Berry Brazelton, eds., In Support of Families. Cambridge, Mass.: Harvard University Press.

Galinsky, Ellen, and Dana E. Friedman. In preparation. Corporate Reference Guide to Work/Family Programs. New York: Families and Work Institute.

Galinsky, Ellen, and Diane Hughes. 1987. "The Fortune Magazine Child Care Study." Paper presented at the Annual Convention of the American Psychological Association, New York, August 1987.

Galinsky, Ellen, Diane Hughes, and Judy David. In press. "Trends in Corporate Family-Responsive Policies." Marriage and Family Review.

Galinsky, Ellen, Graham Staines, and Robert Lurie. 1988. Unpublished raw data. New York: Families and Work Institute, Resources for Child Care Management (RCCM).

Louis Harris and Associates, Inc. 1981. Families at Work: Strengths and Strains. The General Mills American Family Forum. Minneapolis: General Mills.

Hughes, Diane. 1987. "Child Care and Working Parents." Paper presented at the Annual Convention of the American Psychological Association, New York, August 1987.

Kanter, Rosabeth Moss. 1977. Work and Family in the United States: A Critical Review and Agenda for Research and Policy. New York: Russell Sage Foundation.

Lally, J.R., P.L. Mangione, and A.S. Honig. 1987. Long Range Impact of Early Intervention on Low-Income Children and Their Families. Syracuse, N.Y.: The Syracuse University Family Research Program.

Lurie, Robert, Ellen Galinsky, and Diane Hughes. 1988. Unpublished raw data. New York: Bank Street College of

Education, Resources for Child Care Management (RCCM).

Marquart, Jules M. 1988. "A Pattern Matching Approach to Link Program Theory and Evaluation Data: The Case of Employer-Supported Child Care." Ph.D. dissertation, Cornell University, Ithaca, N.Y.

Maryland Committee for Children, Inc. 1988. Shareholders in the Future: Marylanders Invest in Child Care, November 28, 1988. Governor's Task Force report, Annapolis, Md.

McDonald, Kathleen. 1986. Personal communication. First Resources for Child Care Management (RCCM) Conference, Chicago, 1986.

National Council of Jewish Women (NCJW). 1988. "Employer Supports for Child Care." NCJW Center for the Child Report. New York: NCJW, August 1988.

------. 1987. Mothers in the Workplace. NCJW Center for the Child Report. New York: NCJW, March 1987.

[New York State] Governor's Task Force on Work and Family. 1989. Final Report, March 1989. Governor's Task Force report, Albany, N.Y.

Phillips, J. Douglas. 1989. Unpublished paper. Rahway, N.J.: Merck & Co.

Shinn, Marybeth, Blanca Ortiz-Torres, Anne Morris, Patricia Simko, and Nora Wong. 1987. "Child Care Patterns, Stress, and Job Behaviors Among Working Parents." Paper presented at the Annual Convention of the American Psychological Association, New York, August 1987.

U.S. House Select Committee on Children, Youth and Families. 1984. Family and Child Care: Improving the Options. Washington, D.C.: U.S. Government Printing Office, September 1984.

Virginia Department for Children. 1988. Report of the Governor's Corporate Advisory Commission on Employers' Initiatives for Child Day Care in Virginia. Governor's Task Force report, Richmond, Va.